

**§ 784.15 “State.”**

As used in the Act, “State” means “any State of the United States or the District of Columbia or any Territory or possession of the United States” (Act, section 3(c)). The application of this definition in determining questions of “coverage under the Act’s definition of “commerce” and “produced” (see §§ 784.12, 784.13) is discussed in part 776 of this chapter, dealing with general coverage.

**§ 784.16 “Regular rate.”**

As explained in part 778 of this chapter, dealing with overtime compensation, employees subject to the overtime pay provisions of the Act must generally receive for their overtime work in any workweek as provided in the Act not less than one and one-half times their regular rates of pay. Section 7(e) of the Act defines the term “regular rate” “to include all remuneration for employment paid to, or on behalf of, the employee” except certain payments which are expressly described in and excluded by the statutory definition. This definition, which is discussed at length in part 778 of this chapter, determines the regular rate upon which time and one-half overtime compensation must be computed under section 7(a) of the Act for employees within its general coverage who are not exempt from the overtime provisions under either of the fishery and seafood exemptions provided by sections 13(a)(5) and 13(b)(4) or under some other exemption contained in the Act.

APPLICATION OF COVERAGE AND  
EXEMPTIONS PROVISIONS OF THE ACT

**§ 784.17 Basic coverage in general.**

Except as otherwise provided in specific exemptions, the minimum wage, overtime pay, and child labor standards of the Act are generally applicable to employees who engage in specified activities concerned with interstate or foreign commerce. The employment of oppressive child labor in or about establishments producing goods for such commerce is also restricted by the Act. The monetary and child labor standards of the Act are also generally applicable to other employees, not specifically exempted, who are employed in

specified enterprises engaged in such commerce or in the production of goods for such commerce. The employer must observe the monetary standards with respect to all such employees in his employ except those who may be denied one or both of these benefits by virtue of some specific exemption provision of the Act, such as section 13(a)(5) or 13(b)(4). It should be noted that enterprises having employees subject to these exemptions may also have other employees who may be exempt under section 13(a)(1) of the Act, subject to conditions specified in regulations, as employees employed in a bona fide executive, administrative, or professional capacity, or in the capacity of outside salesman. The regulations governing these exemptions are set forth and explained in part 541 of this chapter.

**§ 784.18 Commerce activities of employees.**

The Fair Labor Standards Act has applied since 1938 to all employees, not specifically exempted, who are engaged (a) in interstate or foreign commerce or (b) in the production of goods for such commerce, which is defined to include any closely related process or occupation directly essential to such production (29 U.S.C. 206(a), 207(a); and see §§ 784.12 to 784.15 for definitions governing the scope of this coverage). In general, employees of businesses concerned with fisheries and with operations on seafood and other aquatic products are engaged in interstate or foreign commerce, or in the production of goods for such commerce, as defined in the Act, and are subject to the Act’s provisions except as otherwise provided in sections 13(a)(5) and 13(b)(4) or other express exemptions. A detailed discussion of the activities in commerce or in the production of goods for commerce which will bring an employee under the Act is contained in part 776 of this chapter, dealing with general coverage.

**§ 784.19 Commerce activities of enterprise in which employee is employed.**

Under amendments to the Fair Labor Standards Act employees not covered by reason of their personal engagement in interstate commerce activities, as

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explained in § 784.18, are nevertheless brought within the coverage of the Act if they are employed in an enterprise which is defined in section 3(s) of the Act as an enterprise engaged in commerce or in the production of goods for commerce. Such employees, if not exempt from minimum wages and overtime pay under section 13(a)(5) or exempt from overtime pay under section 13(b)(4), will have to be paid in accordance with the monetary standards of the Act unless expressly exempt under some other provision. This would generally be true of employees employed in enterprises and by establishments engaged in the procurement, processing, marketing, or distribution of seafood and other aquatic products, where the enterprise has an annual gross sales volume of not less than \$250,000. Enterprise coverage is more fully discussed in part 776 of this chapter, dealing with general coverage.

### § 784.20 Exemptions from the Act's provisions.

The Act provides a number of specific exemptions from the general requirements previously described. Some are exemptions from the overtime provisions only. Several are exemptions from both the minimum wage and the overtime requirements of the Act. Finally, there are some exemptions from all three—minimum wage, overtime pay, and child labor requirements. An examination of the terminology in which the exemptions from the general coverage of the Fair Labor Standards Act are stated discloses language patterns which reflect congressional intent. Thus, Congress specified in varying degree the criteria for application of each of the exemptions and in a number of instances differentiated as to whether employees are to be exempt because they are employed by a particular kind of employer, employed in a particular type of establishment, employed in a particular industry, employed in a particular capacity or occupation or engaged in a specified operation. (See 29 U.S.C. 203(d); 207 (b), (c), (i); 213 (a), (b), (c), (d). And see *Addison v. Holly Hill*, 322 U.S. 607; *Mitchell v. Trade Winds, Inc.*, 289 F. 2d 278; *Mitchell v. Stinson*, 217 F. 2d (210). In general there are no exemptions from the child

labor requirements that apply in enterprises or establishments engaged in fishing or in operations on aquatic products (see part 570, subpart G, of this chapter). Such enterprises or establishments will, however, be concerned with the exemption from overtime pay in section 13(b)(4) of the Act for employees employed in specified “on-shore” operations (see § 784.101), and the exemption from minimum wages and overtime pay provided by section 13(a)(5) for employees employed in fishing, fish-farming, and other specified “off-shore” operations on aquatic products. These exemptions, which are subject to the general rules stated in § 784.21, are discussed at length in subpart B of this part 784.

### § 784.21 Guiding principles for applying coverage and exemption provisions.

It is clear that Congress intended the Fair Labor Standards Act to be broad in its scope. “Breadth of coverage is vital to its mission” (*Powell v. U.S. Cartridge Co.*, 339 U.S. 497). An employer who claims an exemption under the Act has the burden of showing that it applies (*Walling v. General Industries Co.*, 330 U.S. 545; *Mitchell v. Kentucky Finance Co.*, 359 U.S. 290; *Tobin v. Blue Channel Corp.*, 198 F. 2d 245, approved in *Mitchell v. Myrtle Grove Packing Co.*, 350 U.S. 891; *Fleming v. Hawkeye Pearl Button Co.*, 113 F. 2d 52). Conditions specified in the language of the Act are “explicit prerequisites to exemption” (*Arnold v. Kanowsky*, 361 U.S. 388). In their application, the purpose of the exemption as shown in its legislative history as well as its language should be given effect. However, “the details with which the exemptions in this Act have been made preclude their enlargement by implication” and “no matter how broad the exemption, it is meant to apply only to” the specified activities (*Addison v. Holly Hill*, 322 U.S. 607; *Maneja v. Waialua*, 349 U.S. 254). Exemptions provided in the Act “are to be narrowly construed against the employer seeking to assert them” and their application limited to those who